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Stopping Abusive Tax Shelters

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“Crimes like terrorism or murder or fraud or embezzlement produce instant recognition of the immorality involved. But abusive tax shelters are MEGOs—that means ‘my eyes glaze over.’ Those who cook up these concoctions count on their complexity to escape scrutiny and public ire.”

Senator Carl Levin, KPMG hearing (Nov. 18, 2003)

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SC2,” S. Prt. 108-34 (11/18 & 20/2003); “U.S. Tax Shelter Industry: The Role of Accountants, Lawyers, and Financial Professionals,” S. Hrg. 108-473, Volumes 1-4 (11/18, 20/2003), <https://www.gpo.gov/fdsys/pkg/CHRG-108shrg91043/pdf/CHRG-108shrg91043.pdf> (Volume 1); “The Role of Professional Firms in the U.S. Tax Shelter Industry,” S. Rept. 109-54 (4/13/2005) (hereinafter “2005 Tax Shelter Committee Report”).

3. See, for example, IRS News Release No. IR-2003-84 (7/2/2003) (IRS Settlement with E&Y); “Pricewaterhouse and I.R.S. Settle Tax Shelter Dispute,” *New York Times*, David Cay Johnston (6/28/2002), <http://nyti.ms/2zUec52>.
4. BLIPS is an abbreviation for Bond Linked Issue Premium Structure. OPIS stands for Offshore Portfolio Investment Strategy. FLIP stands for Foreign

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10. “Manhattan U.S. Attorney Announces Agreement With Ernst & Young LLP To Pay \$123 Million To Resolve Federal Tax Shelter Fraud Investigation,” Department of Justice Press Release (3/1/2013), <http://www.justice.gov/usao-sdny/pr/manhattan-us-attorney-announces-agreement-ernst-young-llp-pay-123-million-resolve>.
11. Levin-Coleman Amendment No. 3120 to S. 1637.
12. See Section 818 of H.R. 4520, American Jobs Creation Act of 2004, enacted as Public Law 108-357 (10/22/2004) and codified at 26 U.S.C. 6700.
13. 2005 PCAOB Rule on Auditor Independence and Tax Services, https://pcaobus.org/Rulemaking/Docket017/2004-12-14_Release_2004-015.pdf

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496-502, 508-514.

17. For more information on the Wyly-related jewelry, furnishings, and artwork, see Tax Haven Abuses Hearing, at 518-529.
18. For more information on Security Capital, see Tax Haven Abuses Hearing, at 440-454.
19. See Tax Haven Abuses Hearing, at 161-620.
20. See Hiring Incentives to Restore Employment (HIRE) Act, P.L. 111-147, §533.

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25. See, for example, “Forbes 400,” *Forbes* (2006) (ranking Sam Wyly at 354 in the list with an estimated net worth of \$1.1 billion), <http://bit.ly/292O1KS>; and “Forbes 400,” *Forbes* (2011) (dropping Sam Wyly from Forbes 400 list after noting his rank of 385 in 2010), <http://bit.ly/2itlCor>.
26. *In Re Sam Wyly*, Case No. 14-35043-BJH (Chap. [11](#)) (NDTX Bankruptcy Court), Memorandum Opinion and Order (8/25/2015).
27. *Id.*, Memorandum Opinion (5/10/2016), at 419 (finding tax fraud); unpublished opinion (6/27/2016); “Sam Wyly Tax Bill Totals \$1.1B In Fraud Case,” *Law360*, Jess Davis (6/27/2016), <http://bit.ly/2AaW5Lg>.
28. See *United States v. Greenstein, Wilk, and Krane*, Case No. CR08-0296 RSM

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34. See Greenstein Indictment.
35. See “Former Quellos Executives Plead Guilty in Offshore Tax Shelter Scam Involving More Than \$9.6 Billion in Phony Stock Sales,” Department of Justice Press Release (9/13/2010), <http://www.justice.gov/archive/usao/waw/press/2010/sep/quellos.html>.
36. Tax Haven Abuse Act, S. 681, 110th Congress (2/17/2007).
37. Incorporation Transparency and Law Enforcement Assistance Act, S. 2956, 110th Congress (5/1/2008).

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